



Media Release
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TASMANIAN WATER AND SEWERAGE DRAFT PRICE DETERMINATION AND DRAFT REPORT

Tasmania's independent Economic Regulator today releases a Draft Price Determination and a Draft Report for the second water and sewerage price determination investigation and calls for submissions.

Mr Glenn Appleyard, Chairman of the Tasmanian Economic Regulator, explains that "the Draft Price Determination and Draft Report outline the Economic Regulator's preliminary views on TasWater's proposed prices and service standards for the second regulatory period from 1 July 2015 to 30 June 2018".

Mr Appleyard states that "Based on information provided by TasWater, independent expert advice and its own analysis, the Economic Regulator believes its proposed prices and price transition arrangements will provide TasWater with sufficient revenue to:

- allow it to achieve financial sustainability;
- fund its proposed capital expenditure program to address non-compliance with required health, environmental and dam safety standards; and
- continue transitioning customers to a rational price structure without causing price shocks for customers below target."

The following pricing arrangements are proposed by the Economic Regulator:

- Customers whose current fixed charges are above the nominated target tariffs will have their prices reduced to the target tariffs from 1 July 2015.
- Customers whose current fixed charges are equivalent to the applicable water target tariff, will not see any increases in those charges.
- Customers whose current fixed charges are equivalent to the applicable sewerage target tariff, will face annual increases of six per cent per year.
- Most residential customers whose current fixed charges are below the target tariffs, will face price increases capped at the greater of 10 per cent or \$100 per year until they reach the target tariff. For larger customers, the \$100 cap increases in proportion to the size of their water connection and the estimated demand those customers place on the sewerage system.
- Customers not on the respective target tariffs for water usage and trade waste charges will move to target tariffs over the period in three equal annual steps.
- The target variable rate will increase by 2.5 per cent per annum to reflect inflation.

Mr Appleyard also notes that "the proposed arrangements will see all residential customers on target tariffs and paying the same price for the same service by 2017-18, with a small number of non-residential customers achieving target tariffs by the legislated deadline of 30 June 2020".

The Draft Report also deals with a number of other issues such as developer charges, service charges on unconnected properties, service replacement and customer service standards.

The Economic Regulator invites and encourages all interested parties to comment on the preliminary findings and proposals in its Draft Report and Draft Price Determination. Submissions must be received by 27 February 2015.

The Draft Report and Draft Price Determination are available on the Economic Regulator's website at <http://www.economicregulator.tas.gov.au>.

Following consultation and consideration of submissions, the Economic Regulator will complete its investigation and publish its final Price Determination and Final Report.

For further information contact:

Dean Burgess

Director, Office of the Tasmanian Economic Regulator

Tel: (03) 6166 4422